

CHAPTER 78
PRACTICE OF PUBLIC ACCOUNTING
S.F. 237

AN ACT relating to the practice of public accountants.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 542.3, subsection 27, Code 2017, is amended to read as follows:

27. “State” means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, or Guam.

Sec. 2. Section 542.6, subsection 1, paragraph b, Code 2017, is amended to read as follows:

b. The holder of a certificate issued under [this section](#) shall only provide attest services in a certified public accounting firm that is issued a permit under [section 542.7](#), or through a certified public accounting firm with a practice privilege under [section 542.20](#).

Sec. 3. Section 542.7, subsection 1, paragraphs a and c, Code 2017, are amended to read as follows:

a. A firm must hold a permit issued under [this section](#) if the firm ~~performs attest services in this state or for clients having a home office in this state or~~ has an office in this state and uses the title “CPAs”, “CPA firm”, “certified public accountants”, or “certified public accounting firm”.

c. A firm that holds a permit issued under [this chapter](#) shall designate to the board the licensee or ~~person with a practice privilege under [section 542.20](#)~~ nonlicensee owner who is responsible for the proper licensure of the firm and the firm’s compliance with all applicable laws and rules of this state. If such firm has one or more offices in this state, the firm shall designate to the board one or more persons who are licensed under [this chapter](#) who are responsible for the proper registration of each Iowa office of the firm and each office’s compliance with all applicable laws and rules of this state.

Sec. 4. Section 542.8, subsection 12, paragraph b, subparagraph (2), Code 2017, is amended to read as follows:

(2) All nonlicensee owners are of good moral character and active participants in the firm or an affiliated entity.

Sec. 5. Section 542.8, subsection 12, paragraphs c and d, Code 2017, are amended to read as follows:

c. An individual licensee or person with a practice privilege under [section 542.20](#) who is responsible for compilation services and signs or authorizes someone to sign the accountant’s report ~~on the financial statements~~ on behalf of the firm shall meet the competency requirements set out in nationally recognized professional standards for such services.

d. An individual licensee or person with a practice privilege under [section 542.20](#) who signs or authorizes someone to sign the accountant’s report ~~on the financial statements~~ on behalf of the firm shall meet the competency requirements set out in nationally recognized professional standards for such services.

Sec. 6. Section 542.20, subsection 5, Code 2017, is amended to read as follows:

5. A certified public accounting firm that is licensed in the state of its principal place of business and is not required to hold an Iowa firm license under [section 542.7](#) may practice in this state without a firm license under [this chapter](#) or notice to the board if the firm’s practice in this state is performed by individuals who hold a license under [this chapter](#) or who practice in conformance with [subsection 6](#), under the following conditions:

a. ~~The firm shall not perform attest services, other than review services, in Iowa or for a client having a home office in Iowa.~~

~~b.~~ a. The firm shall not have an office in Iowa which uses the title “CPAs”, “CPA firm”, “certified public accountants”, or “certified public accounting firm”.

~~e.~~ c. ~~The firm may perform compilation or review services only if it complies with the ownership and peer review requirements of [section 542.7](#).~~

~~d.~~ b. The firm shall not make any representation tending to falsely indicate that the firm is licensed under [this chapter](#).

~~e.~~ c. The firm, upon a client’s or prospective client’s request, shall provide accurate information on the state or states of licensure, principal place of business, contact information, and manner in which licensure status can be verified.

~~f.~~ d. The firm shall comply with all professional standards, laws, and rules that apply to licensees performing the same professional services.

e. The firm shall comply with the ownership and peer review requirements of [section 542.7](#).

Sec. 7. Section 542.20, subsection 6, paragraph c, Code 2017, is amended to read as follows:

c. An individual who provides attest services, ~~other than review services~~, in Iowa or for a client having a home office in Iowa must practice through a certified public accounting firm that is licensed under [section 542.7](#), or through a certified public accounting firm that is validly licensed in the state of its principal place of business and complies with the ownership and peer review requirements of [section 542.7](#).

Sec. 8. Section 542.20, subsection 6, paragraph h, Code 2017, is amended by striking the paragraph.

Approved April 20, 2017